

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AGRE-00 EB-07 PA-01 PRS-01 COME-00

IO-13 STR-04 AS-01 /037 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1518

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 9729

E.O. 11652: GDS

TAGS: EAGR

SUBJECT: SUGAR: MARCOS RESTRUCTURES GOP SUGAR APPARATUS

REF: MANILA 9687

SUMMARY:

1. PRESIDENT MARCOS HAS MOVED TO IMPLEMENT PRESIDENTIAL DECREE NO. 388 ISSUED FEB. 2, 1974, WHICH CREATED, ON PAPER, A PHILIPPINE SUGAR COMMISSION. ACCORDING TO PRESS REPORTS, THE COMMISSION WILL ACT AS THE BUYING AND SELLING AGENCY FOR SUGAR AND WILL DETERMINE BOTH THE DOMESTIC SELLING PRICE AND THE "COMPOSITE" PRICE AT WHICH SUGAR IS PURCHASED FROM THE PLANTERS AND MILLS. THESE FUNCTIONS ARE EXERCISED AT PRESENT BY THE PRICE STABILIZATION COUNCIL AND THE PHILIPPINE EXCHANGE RESPECTIVELY. END SUMMARY.

2. NO ONE IS CERTAIN AT THIS POINT OF THE SCOPE AND RESPONSIBILITIES OF THE NEW COMMISSION, BUT, ACCORDING TO PD 338, THE PHILIPPINE SUGAR INSTITUTE (PHILSUGIN) AND THE SUGAR QUOTE ADMINISTRATION (SQA) ARE TO BE ABOLISHED AND THEIR FUNCTIONS (AND PRESUMABLY PERSONNEL) ABSORBED BY THE COMMISSION. THE DECREE ALSO DIRECTED THE ESTABLISHMENT OF A "STABILIZATION FUND" TO FINANCE THE GROWTH AND DEVELOPMENT OF THE INDUSTRY, CONFIDENTIAL

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AND TO STABILIZE THE DOMESTIC AND FOREIGN MARKETS. THIS FUND WILL BE SUPPORTED BY PAYMENTS COLLECTED FROM PLANTERS AND MILLER AT THE RATE OF 2 PESOS FOR EVERY PICUL (139.47 LBS.) PRODUCED AND MILLED FOR A PERIOD OF FIVE YEARS FROM THE IMPLEMENTATION OF THE DECREE AND 1 PESO PER PICUL PRODUCED AND MILLED EVERY YEAR THEREAFTER. A COPY OF PD 338 IS BEING FORWARDED BY

AIR POUCH.

3. MARCOS ANNOUNCED YESTERDAY THAT THE TEMPORARY PRESIDENT OF THE COMMISSION WOULD BE JOSE UNSON OF THE SQA. ONLY TWO MEMBERS OF THE COMMISSION WERE ANNOUNCED BY NAME: JAIME DACANAY, DIRECTOR OF THE PHILIPPINE SUGAR INSTITUTE AND FRED ELIZALDE WHO, IN ADDITION TO BEING HEIR TO THE ELIZALDE EMPIRE WHICH INCLUDES EXTENSIVE INTERESTS IN SUGAR, IS PRESIDENT OF THE CHAMBER OF COMMERCE OF THE PHILIPPINES AND CLOSE TO THE PALACE. PHILIPPINE FEDERATION OF SUGAR PLANTERS WILL ALSO SELECT A MAN TO FILL ONE OF THE SEATS.

4. IT IS TOO EARLY TO SAY EXACTLY HOW MARCOS WILL USE AND CONTROL THE SUGAR COMMISSION, BUT IT IS DEEMED VERY UNLIKELY BY ALL OBSERVERS THAT THE PRESIDENT INTENDS TO RELINQUISH ANY OF HIS FINE-GRAINED DOMINATION OF PHILIPPINE SUGAR AFFAIRS. WORD SPREAD AT FIRST THAT ROBERTO BENEDICTO, WHO IS CURRENTLY AMBASSADOR TO JAPAN, WEALTHY BUSINESSMAN ABOUT TOWN, CRONY AND SOMETIME SUGAR ADVISOR TO MARCOS, HAD BEEN NAMED TO THE JOB (REFTEL), HOWEVER, OPPOSITION FROM THE PRIVATE SECTOR OF THE PHILIPPINE SUGAR ESTABLISHMENT WAS REPORTEDLY SO VOCAL THAT MARCOS HAS HAD SECOND THOUGHTS. (BENEDICTO IS GIVEN CREDIT BY MANY PEOPLE
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FOR THE DECISION IN 1975 TO HOLD PHILIPPINE SUGAR OFF OF THE WORLD MARKET IN AN ATTEMPT TO DRIVE PRICES HIGHER. NO ONE QUESTIONS THAT THIS MOVE TURNED OUT TO BE A MULTI-MILLION DISASTER FOR THE PHILIPPINES.)

6. LOCAL SUGAR PRODUCERS AND MILLERS HAVE LONG SOUGHT THE IMPLEMENTATION OF THE COMMISSION IN THE HOPE THAT DIFFERENT SECTORS OF THE INDUSTRY COULD USE THE ORGANIZATION AS A COUNTER-WEIGHT TO THE ADVICE THE PRESIDENT RECEIVED FROM HIS "KITCHEN ADVISORS", SUCH AS BENEDICTO OR, TO A LESSER EXTENT, ATTY. BERT SABIDO. THUS, IT WAS PARTICULARLY GALLING FOR INDUSTRY LEADERS TO HEAR BENEDICTO PROPOSED AS CHAIRMAN.

6. THE LATEST RUMOR IS THAT BENEDICTO WILL, NEVER-

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1519

C O N F I D E N T I A L SECTION 2 OF 2 MANILA 9729

THELESS, EVENTUALLY HEAD THE COMMISSION, REPLACING
TEMPORARY CHAIRMAN UNSON, AS SOON AS THE AMBASSADOR
HAS WOUND UP HIS AFFAIRS IN TOKYO. HOWEVER, THE WORD
IS THAT BENDICTO WILL NOT RPT NO BE APPOINTED, BUT
WILL, INSTEAD, BE ELECTED BY THE OTHER MEMBERS OF THE
COMMISSION BY "SECRET" BALLOT.

7. COMMENT: THE COMMISSION MAY, IN FACT, PROVIDE
MARCOS WITH THE KIND OF INDUSTRY-WIDE ADVICE WHICH COULD
PREVENT EGREGIOUS ERRORS, SUCH AS OCCURRED IN 1975.
PRESIDENT MARCOS AND, THROUGH THE EXTENSION OF HIS
AUTHORITY, AMB. BENDICTO DOMINATE SUGAR POLICY TO THE
EXTENT THAT GOP SUGAR ORGANIZATION OFFICIALS ARE,
ALMOST WITHOUT EXCEPTION, UNWILLING TO ADDRESS PROBLEMS
OR PRACTICES IN THE INDUSTRY. NONE OF THE CABINET LEVEL
DEPARTMENTS, SUCH AS FOREIGN AFFAIRS, TRADE, AGRICULTURE
OR THE NATIONAL ECONOMIC DEVELOPMENT AUTHORITY,
HAVE EXPERTS OR SPECIALIST ON SUGAR. NEVERTHELESS,
THE POSITION PAPER FOR A CONFERENCE SUCH AS THE ISA
MEETING IN GENEVA IS A PRODUCT OF AN INTER-DEPARTMENTAL
COMMITTEE HEADED BY ASSISTANT SECRETARY SUAREZ IN
DFA. IT IS NOT SURPRISING THAT ADVISE ON SUGAR MATTERS
IS OFTEN ILL-INFORMED AND ILL-CONSIDERED. WE ARE
SKEPTICAL THAT THE COMMISSION SIGNALS A DRAMATIC
IMPROVMENT IN THE AULAITY AND VARIETY OF COUNSEL
TRANSMITTED TO MARCOS. THE PRESIDENT TENDS TO CONTROL
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INDUSTRY SECTORS THROUGH CRONIES AND CONFIDENTS, AND
THIS INGRAINED STYLE IS ALREADY BEING RELECTED
THE IN THE MANEUVERING SURROUNDING THE CHAIRMAN'S JOB.
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